

# City of Detroit

## CITY COUNCIL

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ANNE MARIE LANGAN  
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TO: Vincent Nathan, Ph.D., Director  
Environmental Affairs

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 21, 2008

RE: 2008-2009 Budget Analysis

14.

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Norman White, Finance Department Director  
Pamela Scales, Budget Department Director  
Ervin Stewart, Budget Department Team Leader  
Kerwin Wimberly, Mayor's Office

## **Environmental Affairs (22)**

### **FY 2008-2009 Budget Analysis by the Fiscal Analysis Division**

#### **Summary**

The Department of Environmental Affairs is a General Fund Agency. The Mayor's Proposed Budget for 2008-2009 includes appropriations of \$4.7 million, which is an increase of \$369,385 (8.5%) from fiscal year 2007-2008. The Mayor's Proposed Budget of 2008-2009 includes revenues of \$4.1 million, which is a decrease of \$60,240 (1.4%) from fiscal year 2007-2008. The department's net tax cost recommended for next year is \$584,688, \$429,625 (177.7%) more than the budgeted net tax cost for the current year.

#### **2007-2008 Surplus/(Deficit)**

The estimated deficit for the Department of Environmental Affairs is \$2.83 million for fiscal year 2007-2008. The deficit is composed of a revenue deficit of \$3 million, which is due to lower ticket collections, and is offset by an appropriation surplus of \$170,000, due to vacancies.

#### **Overtime**

The Mayor's Proposed Budget for fiscal year 2008-2009 includes \$3,000 for overtime expenses in the department, which is approximately a \$9,000 decrease from the current 2007-2008 fiscal year. As of March 31, 2008, the department has expended \$1,754 for overtime.

#### **Personnel and Turnover Savings**

There are no projected personnel or turnover savings for this department.

#### **Proposed Layoffs and Position Changes**

The Mayor's Proposed Budget for 2008-2009 includes four (4) new positions for the department. The increase is due to the addition of four new positions in Compliance and Enforcement.

The four new positions are three (3) Environmental Control Inspectors, and one (1) Office Assistant I. The four positions were established for the inspection of commercial establishments that do not utilize DPW for solid waste disposal.

The following is information comparing budgeted FY 2007-2008 positions, March 31, 2008 filled positions, and FY 2008-2009 recommended positions.

| <u>Appropriation/Program</u>                      | <u>Redbook<br/>Positions<br/>FY 2007-08</u> | <u>Filled<br/>Positions<br/>3/31/2008</u> | <u>Mayor's<br/>Budget<br/>Positions<br/>FY 2008-09</u> | <u>Over/(Under)<br/>Actual to<br/>07/08 Budget</u> | <u>Mayor's<br/>Recommended<br/>Turnover</u> |
|---|---|---|--|--|---|
| <b>Environmental Affairs (22):</b>                |   |   |  |  |   |
| <b>00935 Environmental Affairs Administration</b> | <b>12</b>                                   | <b>11</b>                                 | <b>12</b>  | <b>(1)</b>   | <b>\$ -</b>                                 |
| 220021 2001 Brownfields Supplemental Pil.         | 0   | 0   | 0  | 0  | \$ -  |
| 220025 Compliance and Enforcement                 | 44  | 42  | 48   | (2)  | \$ -  |
| <b>10844 Environmental Code Enforcement</b>       | <b><u>44</u></b>                            | <b><u>42</u></b>                          | <b><u>48</u></b>                                       | <b><u>(2)</u></b>                                  | <b>\$ -</b>                                 |
| 13XXXX Leave of Absence                           | 0   | (1)                                       | 0  | 0  | \$ -  |
| 13XXXX Worker's Comp.                             | 0   | 0   | 0  | -5   | \$ -  |
| 13XXXX Unmatched Positions                        | 0   | 0   | 0  | 2  | \$ -  |
| <b>TOTAL</b>                                      | <b><u>56</u></b>                            | <b><u>52</u></b>                          | <b><u>60</u></b>                                       | <b><u>(4)</u></b>                                  | <b><u>\$ -</u></b>                          |

Significant Funding by Appropriation

| <u>Appro.</u> | <u>Program</u>                       |   |
|---------------|--------------------------------------|---|
| 00935         | Environmental Affairs Administration | This appropriation increases slightly by \$52,000 (3.67%), due primarily to a \$46,000 increase in salary and wages, a \$7,000 increase in employee benefits, offset by a \$1,000 decrease in capital equipment.  |
| 10844         | Environmental Code Enforcement       | This program appropriation increases by \$316,000 (10.93%) due primarily to the creation of four new positions. The increase includes an increase of \$205,000 in salary and wages, a \$74,000 increase in employee benefits, a \$43,000 increase in operating services, an \$11,000 increase for capital equipment offset by an \$18,000 decrease in operating supplies. |

**Environmental Affairs (22)**

| <u>Budgeted Professional and<br/>Contractual Services by Activity</u> | <u>FY 2007-08<br/>Budget</u> | <u>FY 2008-09<br/>Recommended</u> | <u>Increase<br/>(Decrease)</u> |
|---|------------------------------|-----------------------------------|--------------------------------|
| Environmental Affairs   | \$ 150,000                   | \$ 150,000                        | \$ -                           |
| Environmental Code Enforcement  | 94,000                       | 94,000                            | -                              |
| <b>Total</b>  | <b><u>\$ 244,000</u></b>     | <b><u>\$ 244,000</u></b>          | <b><u>\$ -</u></b>             |

### Significant Revenues by Appropriation and Source

| <u>Appro.</u> | <u>Program</u> |  |
|---------------|----------------|--|
|---------------|----------------|--|

|       |                                      |   |
|-------|--------------------------------------|---|
| 00935 | Environmental Affairs Administration | This revenue appropriation of \$68,000 remains unchanged in the 2008-09 FY.   |
| 10844 | Environmental Code Enforcement       | This reflects a slight decrease of \$60,240 (1.47%) from the 2007-2008 FY budget of \$4,110,240. The decrease is due to lower Civil Infraction Fines collections. |

### Issues and Questions

1. As of March 31, 2008, the department has one (1) vacancy in Environmental Affairs Administration, and two (2) vacancies in Compliance and Enforcement. What is the impact of these vacancies on revenue for the department? What are the department's plans towards filling the aforementioned vacancies?
2. Despite the fact that there are currently two vacancies in Compliance and Enforcement, the department has plans for the creation of four new positions in this section (three (3) Environmental Control Inspectors, and one (1) Office Assistant I), in order to administer the inspection of commercial establishments that do not utilize DPW for solid waste disposal. When does the department anticipate it will fill these four new positions, and what is the anticipated impact of the new hires on revenue for the department?
3. Why were there no turnover savings taken in 2008-09 FY?
4. As the chart below indicates, in looking back on the overall actual revenue versus the budgeted revenue history for the Environmental Affairs Department, the department has historically fallen short of its budgeted revenue goals. In the current fiscal year, the department anticipates a \$3 million revenue deficit. What has accounted for the substantial revenue shortfalls and what plans does the department plan to implement to reverse this trend in the 2008-09 FY?

#### **Environmental Affairs Department Revenue History**

| <b>Fiscal Year</b>                     | <b>Actual Revenue</b> | <b>Red Book</b>    | <b>Over/(Under)</b>  | <b>Percent of Budgeted Revenue</b> |
|--|-----------------------|--------------------|----------------------|------------------------------------|
| <b>2005-06</b>                         | \$1,166,781           | \$3,285,135        | (\$2,118,354)        | 35.52%                             |
| <b>2006-07</b>                         | <u>\$1,022,047</u>    | <u>\$4,234,400</u> | <u>(\$3,212,353)</u> | <u>24.14%</u>                      |
| <b>Revenue Totals FY '05-06-'06-07</b> | <b>\$2,188,828</b>    | <b>\$7,519,535</b> | <b>(\$5,330,707)</b> | <b>29.11%</b>                      |

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